



City of Wheatland

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CITY COUNCIL MEETING STAFF REPORT

Date: April 13, 2010
Agenda Item: 4.1

Subject: Business License Program Fee

Prepared by:
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Approved: _____
Stephen L. Wright
City Manager

Recommendation: Council adopt the attached resolution establishing and imposing a business license program fee as approved under Section 5.04.185 of the Wheatland Municipal Code.

Discussion: Staff is proposing that the Business License Program Fee be established in three classes which would be defined by the level of activity required by City staff and contract City staff related to the issuance or re-issuance of the Annual Business License and the collection of the Annual Business License Tax. The purpose of the Business License Program Fee is to cover the costs of the City to review and process the applications of businesses applying to conduct business in the City of Wheatland. Section 5.04.185 authorizes the City Council to determine the amount of such fee from time to time by resolution. Currently these costs are incurred by the City and are funded from the General Fund by the general taxpayers of the City and not specifically the individual businesses receiving this license. Adoption of the attached ordinance would change that.

Class I would include the re-issuance of the existing business license of any business without any changes to the information that had previously been supplied to the City. The proposed fee for this class is \$8.60.

Class II includes the re-issuance of a business license due to a change in ownership or the change of a business name. There could be no change to the facilities or the premises for businesses physically located in the City of Wheatland. This class would include the initial issuance of a business license to

Contractors/Sub-contractors or any other business that does not have a physical location within the City that is applying to conduct business within the City. The proposed fee for this class is \$39.50.

Class III includes all businesses that apply for a new business license or the renewal of an existing business license when the business is moving into a new facility or into a remodeled facility that required structural changes when the facility is located within the City. This class would also include businesses that changed the scope of operations of the business to such an extent that a full review of the operations would be necessary by the City. The proposed fee for this class is \$170.00.

The proposed fee for each class would be collected in addition to the existing Annual Business License Tax of \$35.00. There is no change being proposed to the amount of the tax.

The fees were calculated for the three classes by determining which City departments would be involved in the issuance or re-issuance of the business license under normal circumstances. City staff positions (including contract staff positions) were identified that would normally be involved in the processing of the license application. A time was determined for the processing of the average application. The hourly rate was established for each city staff position which includes 20% for all pay benefits. The hourly billed rate was determined for all contract city staff positions. An additional 20% overhead rate was applied to the City staff time to cover all materials and operating costs for the issuance of the business licenses and the collection of the business license tax. The totals of these costs derived the proposed fee for each class.

Details of the calculations are on file in City Hall and available for review. A copy of the report will also be available at the Council meeting.

Alternatives: Impose no Business License Program Fee and continue to absorb the cost of reviewing and issuing business licenses from the existing General Fund revenues. The Council could also establish the fee or fees at a level that the Council is comfortable in imposing at this time not to exceed the actual costs identified in the analysis.

Fiscal Impact: It is estimated that this fee will generate an additional \$7,500 of General Fund revenue each year based on the current number of business licenses.